



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

LABOR FORCE AND EMPLOYMENT

The seasonally adjusted unemployment rate for the Magic Valley Labor Market Area was 3.1 percent for August 2001. This was 1.1 percent lower than July 2001 and four-tenths of a percentage point lower than August 2000. *Civilian Labor Force* was 1.8 percent higher in August 2001 than August 2000. The number of unemployed was down 11.1 percent during the same time period. This dramatic drop in unemployment was the result of high enrollment in summer school both at the College of Southern Idaho and area high schools. This resulted in many students obtaining employment later this summer rather than immediately after the end of the spring semester as they would normally. Also, there is a great deal of construction activity and the demand for construction workers has been higher. This August drop in unemployment has followed a similar pattern the last two years. It is anticipated that unemployment will rise to the more customary 4.0 percent or higher level in the near future.

Nonfarm Payroll Jobs are 4.1 percent lower from August 2000 to August 2001. All but three sectors had declines over the last three years. The largest declines occurred in *Retail Trade*, *Transportation, Communications, & Utilities*, and *Services*, with percentage drops of 7.9, 8.6, and 8.9 respectively. The three sectors that increased the number of jobs from August 2000 to August 2001 were *Other Nondurable Goods*, *Wholesale Trade*, and *Government-Education*.

The overall drop in *Nonfarm Payroll Jobs* in virtually every sector is an unmistakable sign of an economic slowdown in the area. Many factors have contributed to this decline. The region is in the midst of a severe drought situation. This has affected agricultural hiring and the loss of tourism has impacted the *Services*

Magic Valley Table 1: Labor Force & Employment
Twin Falls, Jerome, and Gooding counties

	August 2001*	July 2001	August 2000	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	47,210	46,990	46,380	0.5	1.8
Unemployment	1,440	1,970	1,620	-26.9	-11.1
% of Labor Force Unemployed	3.1	4.2	3.5		
Total Employment	45,770	45,020	44,760	1.7	2.3
Unadjusted					
Civilian Labor Force	48,630	48,210	47,880	0.9	1.6
Unemployment	1,600	1,890	1,840	-15.3	-13.0
% of Labor Force Unemployed	3.3	3.9	3.8		
Total Employment	47,030	46,320	46,040	1.5	2.2
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	37,260	36,960	38,870	0.8	-4.1
Goods-Producing Industries	7,830	7,490	8,050	4.5	-2.7
Mining & Construction	2,240	2,240	2,270	0.0	-1.3
Manufacturing	5,590	5,250	5,780	6.5	-3.3
Durable Goods	830	820	890	1.2	-6.7
Nondurable Goods	4,740	4,430	4,890	7.0	-3.1
Food Processing	3,640	3,350	3,810	8.7	-4.5
All Other Nondurable Goods	1,100	1,080	1,080	1.9	1.9
Service-Producing Industries	29,430	29,470	30,820	-0.1	-4.5
Transportation, Comm., & Utilities	2,540	2,520	2,780	0.8	-8.6
Wholesale Trade	2,340	2,350	2,300	-0.4	1.7
Retail Trade	8,000	8,120	8,690	-1.5	-7.9
Finance, Insurance, & Real Estate	1,220	1,260	1,310	-3.2	-6.9
Services	8,060	7,950	8,850	1.4	-8.9
Government Administration	3,790	3,830	3,910	-1.0	-3.1
Government Education	3,480	3,440	2,980	1.2	16.8

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

sector. Also, consumers appear to be more cautious with discretionary income and this has caused a slowdown in *Retail Trade*. The long term economic well-being of South Central Idaho will depend a great deal on whether an average or above average water year transpires and the effect of the national recession on local consumer confidence.

SPECIAL TOPIC

Economic Outlook for South Central Idaho

There is a great deal of uncertainty and fear in the financial world at this time in the aftermath of the attack on the World Trade Center and the Pentagon and many are wondering what effect this will have on the overall economy and the future of the United States. At the time of this writing, the American Stock Markets are just completing the first week of operation

following the September 11th attack. The results of the first five days have been about a 16% decrease in the Dow Jones and NASDAQ composite indices and many economists are now predicting a mild to moderate recession. The major areas that have incurred the greatest losses are the airline and tourism industries with defense firms showing the greatest gains. The effect on South Central Idaho is expected to be more moderate than the rest of the nation and even parts of Idaho. The economy of South Central Idaho is heavily dependent on agriculture, retail, food processing, and light manufacturing.

Tourism does play a part, but with the exception of Sun Valley, most of the region is not a destination location. Tourism was already down due to drought conditions and most tourists coming to the Magic Valley are domestic, automobile travelers. Sun Valley will be affected to some extent, but how much will depend a great deal on the status of the 2002 Winter Olympic Games in Salt Lake City, Utah. Food processing is expected to remain stable. In times of crises, food products remain a necessity, and even in times of economic distress, people will generally continue pursuing some recreation, like eating out, and they will frequent fast food places more because of expense considerations. Since potato products such as french fries, etc., used in fast food settings comprise much of the food processing in the Magic Valley, it is expected that demand will remain stable. Light manufacturing in tool and die or plastics is expected to remain steady.

The Federal Reserve's recent moves to significantly lower interest rates has kept housing starts and business construction fairly strong, and the recent major building of a retail center on the Canyon Rim area of Twin Falls should keep construction strong through the first quarter of 2002. Retail is expected to be average to slightly below average this holiday season, and consumer confidence will play a large part in driving that sector. Agriculture is showing signs of improvement in commodity prices and overall outlook, and dairy and livestock demand has been strong. The real defining factor for agriculture is the continuing severe drought in Idaho. If South Central Idaho does not experience at least an average water year, the effect on agriculture could be severely negative.

A "wildcard" in the entire economic outlook is energy costs in the near term. If drought continues to drive electricity rates up and the present national crisis triggers gasoline shortages, businesses could find variable costs such as energy and transportation rise dramatically, causing retrenchment. If the 2001-2002 winter is a good water year, and energy prices and inflation remain under control, it is expected that the economy in South Central Idaho will experience a "soft landing" type of economic slowdown, but will avoid a major recession.

AREA DEVELOPMENTS

Twin Falls County

- Two new retailers have announced plans to locate in Twin Falls in the spring of 2002. Old Navy and Michaels will be locating new stores in the Canyon Park East project. Old Navy will open an 18,000-square-foot store and Michaels will open a 20,687-square-foot facility. Old Navy, a wholly owned subsidiary of Gap, Inc., specializes in fashionable, casual apparel for all ages and currently operates three Idaho stores in Boise, Idaho Falls, and Meridian. No employment information was provided by Old Navy. Michaels stores offer arts, crafts, framing, floral, decorative wall décor, and seasonal merchandise for the hobbyist and do-it-yourself home decorator. Michaels stores of this size typically employ 35-40 full and part time employees. These two new stores join T.J. Maxx and Famous Footwear as new tenants in the Canyon Park East Project, and all four stores expect to open in spring of 2002.
- Colliers International, a commercial real estate firm that offers a complete range of services on a local, regional, national, and international basis, has opened a new office in Twin Falls. The new office is located at 401 Second Street North, Suite 108.
- Milk Producers of Idaho, a new coalition of dairies and related businesses chose a former Twin Falls man to be its first executive director. Brent Olmstead, former vice-president of natural resources for the Idaho Association of Commerce and Industry began his new duties on September 1. Milk Producers of Idaho is a consortium that formed to provide the dairy industry in Idaho with an additional resource to address new regulations impacting the industry. MPI will work closely with the Idaho Dairymen's Association and the United Dairymen of Idaho to address issues important to the industry. MPI will have an office in Boise and one in the Magic Valley.

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